

Message Text

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ACTION EB-08

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SUBJECT: NORWEGIAN GOVERNMENT MAY REFUSE IMPORT
LICENSES FOR SHIPS BUILT IN SWEDEN FOR
NORWEGIAN SHIPPING COMPANIES

REF: A) 77 STOCKHOLM A-67, B) STOCKHOLM 329 (NOTAL)

1. THE AUTHORITATIVE SWEDISH BUSINESS JOURNAL VECKANS AFFARER,
IN ITS FEBRUARY 16 ISSUE, REPORTED THAT NORWEGIAN PRIME MINISTER
ODVAR NORDLI, IN A RECENT CONFIDENTIAL LETTER, TOLD THE SWEDISH
GOVERNMENT THAT NORWEGIAN SHIPPING COMPANIES WHICH HAVE
AVAILED THEMSELVES OF THE SWEDISH GOVERNMENT'S FINANCIAL
SUPPORT WHEN PLACING ORDERS FOR NEW CONSTRUCTION WITH SWEDISH
SHIPYARDS WILL BE REFUSED NORWEGIAN IMPORT LICENSES. IT WAS
IN 1977 THAT THE SWEDISH GOVERNMENT INTRODUCED VARIOUS MEASURES
IN SUPPORT OF ITS HARD-HIT SHIPBUILDING AND SHIPPING
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INDUSTRIES. ONE OF THESE MEASURES IS TO ASSIST SWEDISH SHIP-
OWNERS IN FINANCING PURCHASES OF NEW CONSTRUCTION FROM SWEDISH
SHIPYARDS BY EXTENDING WRITE-OFF LOANS COVERING 30 PERCENT OF
THE COST OF THE CONSTRUCTION, AND BY GRANTING CREDIT
GUARANTEES COVERING THE REMAINDER OF THE COST.
ORIGINALLY IT WAS THE INTENTION THAT THESE SUPPORT
MEASURES SHOULD BENEFIT ONLY SWEDISH SHIPOWNERS, BUT

FOLLOWING PRESSURE FROM SWEDISH SHIPBUILDERS THE BENEFITS WERE EXTENDED TO INCLUDE FOREIGN SHIPPING COMPANIES, NOTABLY SHIPOWNERS IN THE NORDIC COUNTRIES.

2. ACCORDING TO THE AFOREMENTIONED BUSINESS JOURNAL, THE NORWEGIAN PRIME MINISTER HAS GIVEN THE SWEDISH GOVERNMENT NO CHOICE BUT TO STOP THIS FORM OF GOVERNMENT SUPPORT OF SHIPPING COMPANIES, WHICH IS SAID TO BE DISRUPTING SOUND TRADE PRACTICES AND VIOLATING THE ESTABLISHED RULES OF OECD. UNLESS THE SWEDISH GOVERNMENT PUTS A STOP TO THIS PRACTICE, MINISTER NORDLI STATED THAT NORWEGIAN IMPORT LICENCES FOR SWEDISH-BUILT SHIPS WOULD NOT BE ISSUED. THE NORWEGIAN ANNOUNCEMENT REPORTEDLY CAME AS A COMPLETE SURPRISE TO THE SWEDISH GOVERNMENT AND TO THE SWEDISH SHIPBUILDING INDUSTRY, PARTICULARLY SINCE THE ISSUE IS CURRENTLY BEING DISCUSSED BETWEEN THE GOVERNMENTS OF THE TWO COUNTRIES, THE AIM BEING TO REACH SOME FORM OF COMPROMISE ACCEPTABLE TO NORWAY. IT WAS ONLY SOME WEEKS AGO THAT SWEDISH COMMERCE MINISTER BURENSTAM LINDER, AT A MEETING IN OSLO WITH HIS NORWEGIAN COUNTERPART, EMPHASIZED THAT "THE SWEDISH GOVERNMENT DOES NOT WISH TO DISRUPT SOUND COMPETITIVE CONDITIONS AND THAT IT IS NOT THE INTENTION OF THE SWEDISH GOVERNMENT, THROUGH VARIOUS SUPPORT MEASURES, TO EXPORT SWEDISH UNEMPLOYMENT TO ANOTHER COUNTRY." (REF B).

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3. THE IMPOSITION OF A NORWEGIAN IMPORT EMBARGO ON SWEDISH-BUILT SHIPS MAY BE EXPECTED TO HAVE A SERIOUS IMPACT ON EMPLOYMENT IN SWEDEN'S ALREADY HARD-HIT SHIPBUILDING INDUSTRY. THE TERM "FINAL DEATH-BLOW" HAS BEEN MENTIONED IN SWEDISH INDUSTRY CIRCLES. IT IS REPORTED THAT THE NORWEGIAN MOVE, IF IMPLEMENTED, WOULD AFFECT TEN NEW CONSTRUCTIONS ON ORDER OR ON OPTION FOR NORWEGIAN ACCOUNT, WORTH A TOTAL OF SKR 1,110 MILLION. THESE ORDERS ARE FOR TWO PRODUCT TANKERS OF 49,000 DEADWEIGHT TONS EACH FOR THE OSLO FIRM OLE SCHRODER AND COMPANY (TOTAL COST SKR 330 MILLION); AN OPTION FOR AN ADDITIONAL TWO SHIPS OF THE SAME TYPE AND FOR THE SAME FIRM (SKR 330 MILLION); FOUR ROLL-ON-ROLL-OFF VESSELS FOR THE FIRM PARLEY AUGUSTSON AND COMPANY (TOTAL COST SKR 200 MILLION); TWO SHIPS WHOSE TYPE AND SIZE HAVE NOT YET BEEN DIVULGED, WORTH A TOTAL OF SKR 250 MILLION.

4. ACCORDING TO UNDER SECRETARY REIDAR ENGELL-OLSEN OF THE NORWEGIAN MINISTRY OF INDUSTRY, "THE BALL IS NOW WITH THE SWEDISH GOVERNMENT." THE SWEDISH GOVERNMENT

MUST NOW MAKE UP ITS MIND WHETHER TO WITHDRAW ITS
SUPPORT OF NORWEGIAN SHIPPING COMPANIES OR POSSIBLY TO
SEE AN ANNULMENT OF THESE IMPORTANT NORWEGIAN ORDERS.
KENNEDY-MINOTT

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